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Arnold, T. George

The benefits of
co-operation

Manchester

1900

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THE BENEFITS
OF
CO-OPERATION.

BY
Mr. T. GEORGE ARNOLD,
OF WOOLWICH,



Manchester:
ISSUED BY THE CO-OPERATIVE UNION LIMITED, LONG MILLGATE.
1900.

THE Benefits of Co-operation.

TO an inquirer asking what was actually the chief benefit of membership of a co-operative society, the reply would probably be at once given "the dividend," but this would only be true so far as that dividend, or any portion of it, represents the advantage of dealing with the store, over that of the alternative method of dealing with the private trader. But this advantage in itself is nothing. The real strength of the movement is not obtained by a mere accumulation of riches, and the dividend is only of advantage to the community inasmuch as, and only to the extent, that it assists in raising its receivers to a higher level of citizenship, and enables them to recognise themselves as units in the mass of humanity, that are of no mean importance—when working in combination—to increase the whole social and moral well-being of their fellows. It is to this end only that the dividend is useful, and the true progress of the movement can only be measured by the increase in the material comfort of its members and the growth of higher and more intellectual aspirations.

It is desirable then to briefly examine the uses to which dividends are devoted by individual members. This in itself is no easy task, inasmuch as most people are naturally reticent upon such matters. I know, however, that many of the poorer members of societies look to the dividend wherewith to clothe the children, and also to provide underclothing, and household necessities, this being perhaps the use to which it is

most commonly put by a large number. Unfortunately, the dividends that are earned at the store are not always spent in the store. I know that in many localities drapers' and other "sales" are continued later than is customary in the trade, so as to cover the period during which dividends are paid by the local society, and this appears to be not only strong evidence of the amount of dividend spent in such manner, but also of the eagerness on the part of private traders to turn to their own advantage some portion of the benefits accruing from membership of the store. With many of our members, however, either through a larger income, by reason of better household management, or through greater foresight, the dividend is utilised as a reserve, and with many such is purposely left to accumulate in order to pay a premium of apprenticeship or other auxiliary expenses thereto. Many also likewise utilise their dividends in providing books during a period of a son or daughter's training as a pupil teacher, and afterwards pay college fees, a payment which otherwise would fall so heavily even upon those parents who are prepared to make heavy sacrifices in their desire to see their sons and daughters occupy better positions than they themselves have occupied. There are also many who utilise their dividends towards building up a reserve for their support in old age, who will not withdraw any portion of it unless it is to be devoted to the furtherance of such an object. I am acquainted with one case in which a member—a mechanic—joining a society some 22 years ago by paying in £1, has neither added to nor withdrawn any portion of his profits, and has now standing to his credit a sum closely approaching £200. This, of course, is an exceptional case, for the majority of such members, when they have accumulated a few pounds by dividends, are encouraged to increase the amount of their

savings in order that they may become the possessors of their own houses. There are many members of co-operative societies who would never have become their own householders if they had not been enabled to make a start through the possession of their accumulated profits. Such cases are found not solely amongst the skilled mechanic class, but also obtain amongst unskilled labourers. These members, too, after they have secured a house in this manner, look to their dividends in order to assist them in meeting demands for ground rents and rates and taxes, thus literally eating themselves into a house and home.

The benefit of the dividend, however, is not confined to the individual, but inasmuch as by combined purchasing the member is enabled to increase his purchasing power and so make his wages go further than they otherwise would do, he helps to benefit persons other than the members who participate in such dividend. This benefit is an economic one, and general in character, for through the increase of exchanges arising from the new purchases so made, a larger development of trade is fostered, and many of the industrial workers of the country, whether co-operators or not, are benefited through the increased demands for the products of their industry.

The important effect of the success of a store in a locality must also be noticed, although this advantage depends in the greatest degree upon the wisdom and efficiency of the management of such store. As Walker, the American Economist, states, "It must be distinctly understood that nothing costs the working classes so much as the bad or commonplace conduct of business, that industry must be energetically, economically, and wisely managed, no matter who is to do it, and that co-operation will be successful only as it results in the production of equally good articles, at equally low prices,

as those produced under *entrepreneur* management." Granted, however, this vigorous management and adherence to co-operative principles, we find that the advantage of the store is not confined to its members, but is of benefit to the whole locality. The member in purchasing at the store is conscious that what he so obtains will be of the best quality, free from adulteration, and produced under the best conditions of sanitation and labour. It is imperative that the best quality of articles only should be sold, and that the demand for "cheapness" alone should on no account be catered for. The best businesses are only built up upon a reputation for superiority in quality, and such a reputation is the most powerful factor in ensuring that the competition of the store with private traders will be successful.

There will also, in the neighbourhood of the successful store, be a diminution in the number of small huckster and general shops. This, in itself, is of no small advantage to the community, for, although competition amongst sellers is popularly supposed to lead to reduced prices yet excessive competition has the effect of increasing prices. Tradesmen cannot sell for less than will maintain them, and if retailers find their share of the trade of the locality too small to maintain them honestly, the form the competition will take will not be in reduced prices, but in inferior or adulterated quality. This tendency to diminution in the number of small shops thus deserves to be classed as one of the benefits of the movement, inasmuch as it leads to a more economical distribution of the necessities of life.

Another important effect of the success of the store is, that those shops which are not supplanted by it are stimulated to self-improvement, so that the whole of the inhabitants of the neighbourhood are benefited by the rise in the standard of quality throughout the district.

The Woolwich Society when starting its bakery determined to manufacture the best quality of bread only, a determination which has been maintained during the whole existence of its bakery. Many bakers of the locality have during the past twenty years had to close their shops through their inability to compete with the quality of the store bread, and to-day those bakers only have continued to exist who improved the quality of their bread, whilst the smallest trades and consequent greatest struggle for existence has been, and now is, amongst those who endeavour to compete with the society's superior quality by a reduction in price and poor quality.

Distributive stores, then, have no motive for deceiving their members and customers upon the quality of their goods, and this absence of deceit in trade, together with the other advantages I have mentioned, enables their competition with other traders to be successful. Competition is not antagonistic to co-operation, but it is now, and always has been, a necessary stimulant to progress, and no one can foresee the time when it will not be indispensable to this end.

It is perhaps advisable to point out here that the competition on the part of the store is *qualitative* in character, which at all times must be beneficial both to consumers and workers. Wherever competition is baneful it takes the *quantitative* form, and the mad race for an ever-increasing product, irrespective of its quality, almost invariably leads to "sweated" conditions and all the ill effects usually associated with the term competition. The effect of co-operation upon industry is not to decrease competition but to purify it and so lift it to a higher and moral plane. This effect is, I think, one of the most useful commercial services co-operators have rendered in the past, inasmuch as they have proved that honesty in trade is not opposed to commercial success.

The inducement to cash trading should not be passed over without notice when reviewing the benefits of co-operation. It is true that many retail societies habitually give credit to their members, so that cash trading is by no means so universal in the movement as many of its well-wishers desire. Still, even in cases where credit is permissible, perhaps the most usual custom is for members of societies to be allowed credit to an amount equal to a fixed proportion of their holding in shares, and in such cases it might be claimed that inasmuch as this is an advance from the member to himself, it cannot be stated to be credit in the usual sense of the term when applied to retail trade. These cases may, however, be taken as exceptions, for even in those societies which allow credit, it by no means follows that the bulk of the members avail themselves of the opportunity. Taking the movement as a whole, its benefits to the working classes in inducing the practice of cash trading have been incalculable, and this practice is with truth frequently quoted as indicating one of the most conspicuous qualities of those who comprise the co-operative movement. But although credit generally is a curse to retail trade, its adoption is at times looked upon as a virtue and evidence of thrift on the part of those who avail themselves of it, particularly when the store enlarges the scope of its business and advances capital to members to enable them to purchase their own houses. Nothing but praise can be said for the Co-operative Wholesale Society's House Building Scheme, and yet this scheme, by usefully utilising the capital of the movement, is but an extension of the credit system as practised by societies. It will probably be found with the growth of the co-operative movement and the continued extension of its operations beyond the field of retail trade, that systems of credit will be utilised in an

increasing degree, so that opportunities may be given which will enable the industrial classes to beneficially and remuneratively use the surplus capital now in the possession of the movement. By so doing the usefulness of the store may be still further increased, and the capital of the workers used for the benefit of their own class.

Amongst the important features of the co-operative movement, the educational value, of which it is impossible to exaggerate, is the inducement to thrift. Membership of a store not only carries with it this inducement, but it munificently rewards the thrift and prudence it promotes. A workman who has accumulated a few pounds in the store, soon comes to comprehend the functions of capital in a new light, and instead of looking upon capital as some mysterious agent for the oppression of labour, sees in it an indispensable agent for progress. He begins to understand that membership of the co-operative society increases his strength as a member of his trade union; that trade-unionism and co-operation are complementary to each other, and that in performing its own particular function, each movement benefits and increases the strength of the other.

The accumulated profits of co-operative trade invested in the store by its unionist members, form splendid reserves of strength to such unionists, and the support which particularly in recent years has been extended by the co-operative movement to the various unionist organisations when struggling to maintain their standard rate, or to increase the standard of life of their members, has opened the eyes of many unionists to the benefits of the co-operative movement, and the true relationship of the two movements to each other. But, in addition to this, the possession of a few pounds of capital promotes a wider and a more active interest in the affairs of the society. With this accumulation of profit, the

member begins, however elementarily at first, to see the nature and use of the balance sheet, whilst his attendance at the general meetings and his interest in the matters there discussed, tend to extend his view of life, and to lift him out of the narrow rut of his daily toil, giving him an education not to be obtained from books. J. S. Mill, in one of his essays, says, "The main branch of the education of human beings is their habitual employment; which must be either their individual vocation or some matter of general concern in which they are called to take part. The private money-getting of almost everyone is more or less a mechanical routine, it brings few of his faculties into action, while its exclusive pursuit tends to fasten his attention and interest exclusively upon himself and upon his family as an appendage of himself, making him indifferent to the public, to the more generous objects and the noble interests, and in his inordinate regard for his personal comforts, selfish and cowardly. Balance these tendencies by contrary ones, give him something to do for the public, whether as a vestryman, a juryman, or an elector, and in that degree his ideas and feelings are taken out of this narrow circle. He becomes acquainted with more varied business and a larger range of considerations. He is made to feel that besides the interests which separate him from his fellow citizens he has interests which connect him with them; that not only the common weal is his weal, but that it partly depends upon his exertions." This extract was written in 1840, four years before the establishment of the Rochdale Pioneers, when co-operation, as we know it to-day, was unthought of and unknown. Yet of all the movements which have stirred the people from time to time, co-operation, as practised during upwards of half-a-century, has proved that it takes a leading part in elevating the character of

those who become its disciples, brightening their outlook of life, and by taking their minds out of their "narrow circle," has compelled acquaintanceship with that "wider range of considerations" which Mill spoke of. It has brought hope to great masses of population, by showing them that their class salvation depends upon their own endeavours—that the fruits of energy are sure and fulsome, lying within reach of their own hands.

The reading-rooms and lending libraries have, too, been most valuable educational adjuncts of the co-operative store, and cannot be passed over in silence. It is the proud boast of co-operators that they were amongst the pioneer providers and advocates of public libraries, news-rooms, and of evening classes, and when all the past services of the movement to the community are considered, perhaps there is none worthy of more honour, none which exhibits the dual objects of the movement more plainly, than the determination that some part of the profits should be devoted to improve the minds and intellects of the members. There is, however, a growing demand on the part of the citizens of our towns for this want to be supplied by the municipality, and the pressing need for a co-operative library and reading-room conducted upon the old lines, is in many places fast disappearing. In such towns as have adopted the Public Libraries Acts, and in which a generous provision of general literature, magazines, and newspapers is provided, the educational department of the store may extend its sphere of usefulness by supplying opportunities for study and debate not offered by the public library and news-rooms. There is no need for the co-operative society and the municipality to overlap in their educational endeavours, and many a society to-day is doing a sterling service to the country by giving to its members facilities and encouragement for the study

of problems of daily life. Co-operators can thus, by the study of social and political science, economics, and history, fit themselves to take part in those wider responsibilities of citizenship which are now within reach of the poorest. It is by these means that the growth of co-operation and trade-unionism and the extension of the friendly society movement can be utilised as valuable training grounds for future usefulness.

As I have already stated, a man cannot actively associate himself with the co-operative movement—particularly if he has served on the general or educational committee—without having his ideas considerably broadened; nor can he stop short in his interest in his fellows only as far as his co-operative society, his trade union, or his friendly society is concerned. An interest in one aspect of social work promotes a wider interest, and from his outlook as a co-operator, a unionist, or a member of a friendly society he sees beyond the scope of his own society, and looks upon other agencies for the common good beside that with which he may be immediately connected. Imperceptibly it may be at first, but none the less surely, he begins to see as a unionist a wider application of labour principles in the union of the citizens for the common good of the city. As a co-operator, too, he sees from small beginnings in voluntary co-operation, a wider application of his co-operative principles in the practice of a municipal co-operation in which all services are carried on for the common weal. He sees that the services of the supply of artificial light and water, of housing and the provision of allotments, and of transit facilities can be done better by the citizens in co-operation than when supplied by a system of private monopoly. With the proved success of each fresh endeavour still other openings are seen, in which it is desirable that the municipality should undertake

duties, instead of leaving such to be performed by private enterprise. His experience as a co-operator teaches him the lesson that private profit, rather than the production or distribution of utilities, is the object of and incentive to private enterprise, whilst in the case of municipal supply the object is the economic production of necessities for the benefit of all. He will not expect that every work undertaken by the municipality will show a less money cost than if done by the contractor, but he will demand that the work shall be honest in character, and its value judged not by its first cost alone, but also by its cost of maintenance. The unionist, too, will see that with each extension of that municipal enterprise fair conditions to labour are assured, and that the municipality in its dealings with its employes will not seek after so-called cheapness, but will remunerate service at the highest rate, thereby seeking to obtain the greatest productivity. As a unionist, too, he will perhaps have had experience and knowledge of the many and stubborn battles of workers for the maintenance of the standard rate, or of fights against the diminution of, or for an increase in, that standard of life to which the workers in a given trade have been accustomed. The memory of varying degrees of success or failure in such endeavours will cause him to think as to how far the municipality can contribute or should contribute to improve the lot of the worse paid workers, and the thoughtful amongst unionists and co-operators will look upon an increase in the efficiency of public services and the general improvement in the beauty of the town as a powerful means of inciting inspirations for improvements in the home. Given a group of persons with squalid surroundings and insanitary conditions, and their homes will be but a reflex of such conditions, but given clean, well kept

streets, artistic surroundings, green parks, and open spaces, and the love of art engendered thereby will, working through the natural appreciation of the beautiful inherent in all, produce a feeling in favour of domestic improvement and reform. As a member of a friendly society, too, he will look beyond his society to questions of public health, and his intelligent criticism of the percentages of sickness or death in his society's annual reports will impel a wider criticism of various death rates, and the increase or diminution of notifiable diseases as applied to his particular district or the country at large.

Another and a most valuable habit, that of acting in combination, is formed by association with the movements I have mentioned. It is, of course, a democratic axiom that majorities must rule, and any differences which may arise must be settled by the minority bowing to the will of the majority. But, of course, such knowledge will bring home to those interested, the necessity of thoroughly making themselves acquainted with the matter in debate, and the anticipated opposition will but spur them on to the attainment of greater knowledge of the subject, and a more intimate acquaintance with the results of past experience.

It is, then, for the co-operative and kindred democratic movements that the nineteenth century will be most noted. The working classes during the past fifty or sixty years have organised in a manner that is unknown in the previous history of the world. They have organised because of their intimate acquaintance with want and poverty; and if England can boast of conquests with the sword, and of her commercial extensions, which are the envy of the civilised world, she can also boast of a peaceful revolution at home caused by the growth of that network of working men organisations over the face

of the country, that differ from movements abroad in their greater breadth of sympathy for the sufferings of the people, and the practical methods for the palliation of those sufferings. Co-operators and trade-unionists have done much to initiate and spread that spirit of brotherhood and that spirit of service that has already done so much to elevate and raise the character of the working classes. These movements teach habits of thrift, and set examples of self-devotion that cannot fail to stamp themselves upon the character of our citizens generally, and, when more fully recognised, contribute to the good government of our cities and the well-being of the inhabitants. Those of the well-to-do and leisured classes can find new fields of pleasure and happiness in emulating the feeling so engendered, and by developing their love of art and utilising their opportunities, can bring the twin sisters of music and painting more closely within the reach of the masses, and contribute their part towards elevating the tastes and promoting the conception of new ideals in the minds of the proletariat. By such means they can help to make the lives of many on earth to more closely resemble the life their Creator intended should be theirs. It is by seizing the opportunities at hand, and by joining forces with the workers in their various organisations, that they can usefully employ their abilities and exercise their sympathies. Our city existence can be so reformed that our life shall be no longer a long, keen, feverish struggle for existence or supremacy, but that competition for existence may be transformed into emulation for good, and altruism reign where greed is now supreme.

T. GEO. ARNOLD.

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